

Appendix V Test 4

Mail Order Trinkets, Inc.

Schedules tested within Form 20C:

Schedule A

Schedule B

Other Information

Required Attachments:

AL 8453C.pdf

NOL_1999_AL20CPg1.pdf

Federal1120.pdf



For the year January 1 – December 31, 2006, or other tax year beginning 02/01/2006, 2006, ending 01/31/2007

Check applicable box: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input checked="" type="checkbox"/> Address change	FEDERAL BUSINESS CODE NUMBER ▶ 453220		FEDERAL EMPLOYER IDENTIFICATION NUMBER ▶ 11-0000004	
	NAME ▶ Mail Order Trinkets, Inc			
	ADDRESS ▶ 34 Any Street			
	CITY, STATE, COUNTRY (IF NOT U.S.) ▶ Anytown, IL		9-DIGIT ZIP CODE ▶ 60615-0000	
	STATE OF INCORPORATION ▶ DE	DATE OF INCORPORATION 05/27/1981	DATE QUALIFIED IN ALABAMA 06/28/1995	NATURE OF BUSINESS IN ALABAMA Novelties
	Check Applicable: <input type="checkbox"/> This company files as part of a consolidated federal return. Common parent corporation: (See page 4, "Other Information," item 5.) ▶ Name ▶ FEIN			
<input type="checkbox"/> Notification of Final IRS change		<input type="checkbox"/> Federal Form 1120-REIT filed		<input type="checkbox"/> 7004 Attached

Filing Status: (see instructions)
☒ 1. Corporation operating only in Alabama.
☐ 2. Multistate Corporation – Apportionment (Sch. D-1).
☐ 3. Multistate Corporation – Percentage of Sales (Sch. D-2).
☐ 4. Multistate Corporation – Separate Accounting (Prior written approval required and must be attached).
☐ 5. Alabama Consolidated Return. (Caution: see instructions)

ATTACH CHECK OR MONEY ORDER HERE

1	FEDERAL TAXABLE INCOME (see instructions)	1	(223,030)				
2	Federal Net Operating Loss (included in line 1)	2	0				
3	Reconciliation adjustments (from line 25, Schedule A)	3	21,857				
4	Federal taxable income adjusted to Alabama Basis (add lines 1, 2 and 3)	4	(201,173)				
5	Net nonbusiness (income)/loss – Everywhere (from Schedule C, line 2, col. E)	5	0				
6	Apportionable income (add lines 4 and 5)	6	(201,173)				
7	Alabama apportionment factor (from line 26, Schedule D-1)	7	100.0000	%			
8	Income apportioned to Alabama (multiply line 6 by line 7)	8	(201,173)				
9	Net nonbusiness income/(loss) – Alabama (from Schedule C, line 2, col. F)	9	0				
10	Alabama income before federal income tax deduction (line 8 plus line 9)	10	(201,173)				
11	Federal income tax deduction/(refund) (from line 7, Schedule E)	11	0				
12	Alabama income before net operating loss (NOL) carryforward (line 10 less line 11)	12	(201,173)				
13	Alabama NOL deduction (see instructions)	13	0				
14	Alabama taxable income (line 12 less line 13)	14	(201,173)				
15	Alabama Income Tax:	CN					
a	Income Tax (6.5% of line 14 or Schedule D-2, line 4)	15a	0				
b	Consolidated Filing Fee (Schedule G)	15b	0				
c	Total Tax (add lines 15a and 15b)	15c	0				
16	Tax Payments, Credits, and Deferral:	<div>UNLESS A COPY OF THE FEDERAL RETURN IS ATTACHED, THIS RETURN WILL BE CONSIDERED INCOMPLETE. (SEE ALSO PAGE 4, OTHER INFORMATION, NO. 5.)</div>					
a	Carryover from prior year (2005)				16a	25,000	
b	2006 estimated tax payments				16b	47,000	
c	2006 composite payment(s) made on behalf of this entity (see instructions) ... Paid by _____ FEIN _____				16c	0	
d	Payments made with extension (Form 20E)				16d	0	
e	Payments prior to adjustment				16e	0	
f	Credits (from line 7, Schedule F)				16f	0	
g	LIFO Reserve Tax Deferral (see instructions)				16g	14,500	
h	Total Payments, Credits, and Deferral (add lines 16a through 16g)	16h	86,500				
17	Reductions/applications of overpayments						
a	Credit to 2007 estimated tax	17a	85,950				
b	Penny Trust Fund	17b	500				
c	Penalty due (see instructions)	17c	50				
d	Interest due (computed on tax due only)	17d	0				
e	Total reductions (total lines 17a, b, c and d)	17e	86,500				
18	Total amount due/(refund) (line 15c less 16h, plus 17e)	18	0				
19	Enter amount of check or money order attached to this return (enter zero if paid by EFT, E-check or credit card)	19	0				
a Indicate payment type: <input type="checkbox"/> EFT <input type="checkbox"/> E-check <input type="checkbox"/> Credit Card <input type="checkbox"/> Check or money order attached							

Please
Sign
Here

☒ I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.
Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ **D. A. Terminator**

Chief Executive Officer

▶ 05/15/2007 | (888) 555-1212

Signature

Title

Date

Daytime Telephone No.

Paid
Preparer's
Use OnlyPreparer's signature **Johnny Appleseed**Date
01/20/2007Check if
self-employed ☒Preparer's Social Security Number
999 06 0007Firm's name (or yours,
if self-employed)
and addressElectronic Tax Filers, Inc
100 Efile Drive, Anytown, TX

Tel. No. (512) 555-1212

E.I. No. ▶ 110000011

ZIP Code ▶ 78621

**Schedule C****Allocation of Nonbusiness Income, Loss, and Expense – Use only if you checked Filing Status 2, page 1**

Identify by account name and amount, all items of nonbusiness income, loss and expense removed from apportionable income and those items which are directly allocable to Alabama. **Adjustment(s) must also be made for any proration of expenses under Alabama Income Tax Rule 810-27-1-4-.01**, which states, "Any allowable deduction that is applicable to both business and nonbusiness income of the taxpayer shall be prorated to each class of income in determining income subject to tax as provided..." (See instructions.)

DIRECTLY ALLOCABLE ITEMS OF NONBUSINESS INCOME OR LOSS	ALLOCABLE GROSS INCOME / LOSS		RELATED EXPENSE		NET OF RELATED EXPENSE	
	Column A Everywhere	Column B Alabama	Column C Everywhere	Column D Alabama	Column E Everywhere	Column F Alabama
1a						
b						
c						
d						
e						
2 NET NONBUSINESS INCOME / LOSS	Enter Column E total ((income)/loss) on line 5 of page 1. Enter Column F total ((income)/(loss)) on line 9 of page 1				Column E	Column F

Schedule D-1**Apportionment Factor Schedule – Use only if you checked Filing Status 2, page 1**

TANGIBLE PROPERTY AT COST FOR PRODUCTION OF BUSINESS INCOME	ALABAMA		EVERYWHERE	
	BEGINNING OF YEAR	END OF YEAR	BEGINNING OF YEAR	END OF YEAR
1 Inventories				
2 Land				
3 Furniture and fixtures				
4 Machinery and equipment				
5 Buildings and leasehold improvements				
6 IDB/IRB property (at cost)				
7 Government property (at FMV)				
8				
9 Less Construction in progress (if included)				
10 Totals				
11 Average owned property (BOY + EOY ÷ 2)				
12 Annual rental expense		x8 =		x8 =
13 Total average property (add line 11 and line 12)	13a		13b	
14 Alabama property factor — 13a ÷ 13b = line 14			14 ▶ %	
SALARIES, WAGES, COMMISSIONS AND OTHER COMPENSATION RELATED TO THE PRODUCTION OF BUSINESS INCOME		15a ALABAMA	15b EVERYWHERE	15c
15 Alabama payroll factor — 15a ÷ 15b = 15c				▶ %
SALES		ALABAMA	EVERYWHERE	
16 Destination sales (see instructions)				
17 Origin sales (see instructions)				
18 Total gross receipts from sales				
19 Dividends				
20 Interest				
21 Rents				
22 Royalties				
23 Gross proceeds from capital and ordinary gains				
24 Other _____ (Federal 1120, line _____)				
25 Alabama sales factor — 25a ÷ 25b = line 25c	25a		25b	25c ▶ %
26 Sum of lines 14, 15c, and 25c ÷ 3 = ALABAMA APPORTIONMENT FACTOR (Enter here and on line 7, page 1)			26 ▶ %	

Schedule D-2**Percentage of Sales – Use only if you checked Filing Status 3, page 1 – See instructions****DO NOT USE THIS SCHEDULE IF ALABAMA SALES EXCEED \$100,000.**

	ALABAMA	EVERYWHERE
1 Destination Sales		
2 Origin Sales		
3 Total gross receipts from sales		
4 Tax due (multiply line 3, Alabama by .0025) (enter here and on page 1, line 15a)		

**Schedule E****Federal Income Tax (FIT) Deduction/(Refund)**

(a) If this corporation is an accrual-basis taxpayer and files a separate (nonconsolidated) federal income tax return with the IRS, enter on line 1 below the amount of federal income tax liability shown on Form 1120. Cash-basis taxpayers filing separate (nonconsolidated) federal returns should enter on line 1 below the amount of federal income tax actually paid during the year.

(b) If this corporation is a member of an affiliated group which files a

consolidated federal return, indicate the number of the election made under IRC §1552.

☐ 1552(a)(1) ☐ 1552(a)(2) ☐ 1552(a)(3)

☐ No Election Made ☐ Other _____

Attach a copy of the common parent corporation's current 1552 election letter.

Enter on line 1 the amount of the consolidated tax liability allocated to this corporation under the method indicated above. Ignore any supplemental elections under IRC §1502. **Attach a schedule of your computations.**

1	Federal income tax deduction to be apportioned	1	0
2	Alabama income before FIT deduction (from line 10, page 1)	2	(201,173)
3	Federal taxable income adjusted to Alabama basis (from line 4, page 1)	3	(201,173)
4	Federal income tax apportionment factor (line 2 divided by line 3)	4	0.0000 %
5	Federal income tax deduction apportioned to Alabama (multiply line 1 by line 4)	5	0
6	Refund of federal income tax deducted in prior year(s) (see instructions)	6	0
7	NET FEDERAL INCOME TAX DEDUCTION / (REFUND) (subtract line 6 from line 5). Enter here and on line 11, page 1	7	0

Schedule F**Credits/Exemptions Caution – See Instructions**

1	Alabama Enterprise Zone Credit/Exemptions	1	
2	Employer Education Credit	2	
3	Income Tax Credit	3	
4	Tax Increment Fund Payment Credit	4	
5	Coal Tax Credit	5	
6	Capital Tax Credit (Project Number(s) _____)	6	
7	TOTAL (add lines 1 through 6). Enter here and on line 16f, page 1	7	

Schedule G**Consolidated Filing Fee**

Complete this schedule if the corporation has elected to file a consolidated return for Alabama. The election is made by filing Form 20C-CRE on or before the due date of the return, including extensions, for the first taxable year for which the election is made.

For tax periods beginning after December 31, 1998, an Alabama affiliated group may elect to file an Alabama consolidated return. Refer to §40-18-39(c)(1), **Code of Alabama 1975**. (See instructions.)

Total Assets of**Affiliated Group****Annual Fee**

\$0 to \$2,500,000	\$ 5,000
\$2,500,001 to \$5,000,000	\$10,000
\$5,000,001 to \$7,500,000	\$15,000
\$7,500,001 to \$10,000,000	\$20,000
\$10,000,001 and over	\$25,000

Consolidated Filing Fee. (Enter here and on Line 15b, page 1) _____

(Note: Total assets are those assets indicated on page one of the Federal Form 1120.)

If income from a taxpayer was reported on this return and an Alabama business privilege tax return was filed for the taxpayer under a FEIN different from the one listed on this return, please enter the name and FEIN reported on the Alabama business privilege tax return for each such taxpayer (attach listings as needed):

Name	FEIN

Mail to: Alabama Department of Revenue
Individual and Corporate Tax Division
Corporate Tax Section
PO Box 327430
Montgomery, AL 36132-7430

Other Information

- Briefly describe your Alabama operations. mail order sales gifts and novelties
- List locations of property within Alabama (cities and counties).
Dothan, Fairhope
- List other states in which corporation operates, if applicable. _____
- Indicate your tax accounting method:
☒ Accrual ☐ Cash ☐ Other _____
- If this corporation is a member of an affiliated group which files a consolidated federal return, the following information **must be provided**:
 - Copy of Federal Form 851, Affiliations Schedule.** Identify by asterisk or underline the names of those corporations subject to tax in Alabama.
 - Copy of the spreadsheet of the income statements** for EVERY corporation in the consolidated group.
 - Copy of consolidated Federal Form 1120, pages 1-4**, as filed with the IRS.
- Enter this corporation's federal net income (see instructions for page 1, line 1) for the last three (3) years, as last determined (e.g.: per amended federal return or IRS audit).
2005 (19,408) 2004 (21,531) 2003 (23,842)
- Check if currently being audited by the IRS. ☐
- Location of the corporate records:
Street address: 34 Any Street
City: Anytown State: IL ZIP: 60615
- Person to contact for information concerning this return:
Name: D. A. Terminator
Telephone: (888) 555-1212

FORM
AL8453-C

ALABAMA DEPARTMENT OF REVENUE
INDIVIDUAL & CORPORATE TAX DIVISION
Corporation/Partnership

2006

Income Tax Declaration for Electronic Filing

To be filed electronically with the company's tax return. Do not send paper copies.

For calendar year 2006, or tax year beginning 2/1, 2006, ending 1/31, 2007

NAME OF COMPANY Mail Order Trinkets, Inc	FEDERAL EMPLOYER IDENTIFICATION NUMBER 11-0000004
ADDRESS OF COMPANY 34 Any Street	TELEPHONE NUMBER
Anytown, IL 60615 0000	(888) 555-1212

PART I Tax Return Information (*Whole Dollars Only*)

1 Alabama taxable income (Form 20C, line 14); or Non Separately Stated Income (Forms 20S/65, line 20)	1	-201,173
2 Total tax liability (Form 20C, line 15c; Form 20S, line 21)	2	0
3 Total payments and credits (Form 20C, line 16h; Form 20S, line 22c)	3	86,500
4 Refund (negative number reported on Form 20C, line 18; Form 20S, line 27)	4	0
5 Amount you owe (positive number reported on Form 20C, line 18; Form 20S, line 27) ...	5	0
6 Amount of payment remitted electronically	6	0

PART II Declaration of Officer (*Sign only after Part I is completed.*)

Under penalties of perjury, I declare that I am an officer of the above company and that the information I have given my electronic return originator (ERO), transmitter, and/or intermediate service provider (ISP) and the amounts in Part I above agree with the amounts on the corresponding lines of the company's 2006 Alabama income tax return. To the best of my knowledge and belief, the company's return is true, correct, and complete. I consent to my ERO, transmitter, and/or ISP sending the company's return, this declaration, and accompanying schedules and statements to the Alabama Department of Revenue. I also consent to the Alabama Department of Revenue sending my ERO, transmitter, and/or ISP an acknowledgment of receipt of transmission and an indication of whether or not the company's return is accepted, and, if rejected, the reason(s) for the rejection.

☒ I authorize a representative of the Department of Revenue to discuss my return and attachments with my preparer.

Sign Here	D. A. Terminator	04/15/2007	Chief Executive Officer
	Signature of Officer	Date	Title

PART III Declaration of Electronic Return Originator (ERO) and Paid Preparer (*See Instructions*)

I declare that I have reviewed the above company's return and that the entries on Form AL8453-C are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The company's officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the Alabama Department of Revenue, and have followed all other requirements in Pub. 3112, IRS e-file Application and Participation, and Pub. 4163, Modernized e-File Information for Authorized IRS e-file Providers and Pub. AL4164 Software Developers and Transmitters Guidelines and Schemas for Alabama Corporation and Partnership Income Tax Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above company's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

ERO's Use Only	ERO's signature Johnny Appleseed	Date 04/15/2007	Check if also paid preparer <input checked="" type="checkbox"/>	Check if self-employed <input checked="" type="checkbox"/>	ERO's SSN or PTIN 999060007
	Firm's name (or yours if self-employed), address and ZIP code Electronic Tax Filers, Inc.	EIN 110000011			
	100 Efile Drive, Anytown, Tx 78621	Phone No. (512) 555-1212			

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Paid Preparer's Use Only	Preparer's signature Johnny Appleseed	Date 04/15/2007	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN 999060007
	Firm's name (or yours if self-employed), address and ZIP code Electronic Tax Filers, Inc.	EIN 110000011		
	100 Efile Drive, Anytown, Tx 78621	Phone No. (512) 555-1212		

ALABAMA DEPARTMENT OF REVENUE
Corporation Income Tax Return

CY ☐

FY ☒

SY ☐

1999

For the year January 1 – December 31, 1999, or other tax year beginning 02/01/1999, 1999, ending 01/31/2000,

<div>Check applicable box:</div> <div><input type="checkbox"/> Initial return</div> <div><input type="checkbox"/> Final return</div> <div><input type="checkbox"/> Amended return</div> <div><input type="checkbox"/> Address change</div>	FEDERAL BUSINESS CODE NUMBER 453220		FEDERAL EMPLOYER IDENTIFICATION NUMBER 110000004				
	NAME Mail Order Trinkets, Inc.						
	ADDRESS 76 Any Street						
	CITY, STATE, COUNTRY (IF NOT U.S.) Anytown, IL		9-DIGIT ZIP CODE 60692-0000				
	STATE OF INCORPORATION DE	DATE OF INCORPORATION 05/27/1981	DATE QUALIFIED IN ALABAMA 06/28/1995	NATURE OF BUSINESS IN ALABAMA Novelties			
	Does this company file as part of a consolidated Federal return? If yes, enter name and FEIN of common parent corporation. Name FEIN						
	Will this corporation file as an S Corporation with the IRS next year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Was federal form 1120-REIT filed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
	Filing Status: (see instructions) <input checked="" type="checkbox"/> 1. Corporation operating only in Alabama. <input type="checkbox"/> 2. Multistate Corporation – Apportionment (Sch. D-1). <input type="checkbox"/> 3. Multistate Corporation – Percentage of Sales (Sch. D-2). <input type="checkbox"/> 4. Multistate Corporation – Separate Accounting (Prior written approval required).						
	Is this an Alabama Consolidated return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Caution: see instructions)						
	<div>1 FEDERAL TAXABLE INCOME before net operating loss and special deductions.</div> <div>2 Reconciliation adjustments to Alabama basis (from line 37, Schedule A).</div> <div>3 Total net income adjusted to Alabama basis (add lines 1 and 2) If you operated only in Alabama, omit lines 4 through 10c, and enter this amount on line 11</div> <div>4 Net nonbusiness (income)/loss (from Column E, Schedule C)</div> <div>5 Special deductions (from line 10c below).</div> <div>6 Apportionable income (add lines 3, 4, and 5).</div> <div>7 Alabama apportionment factor (from line 26, Schedule D-1)</div> <div>8 Income apportioned to Alabama (multiply line 6 by line 7)</div> <div>9 Net nonbusiness income/(loss) (from Column F, Schedule C)</div> <div>10 Special deductions:<div>a Pollution control deduction (from line 4, Schedule B)</div><div>b Expense of removing barriers to the handicapped from property in Ala.</div><div>c Total special deductions (add lines 10a and 10b).</div></div> <div>11 Alabama income before federal income tax deduction (line 8 plus line 9 less line 10c).</div> <div>12 Federal income tax deduction/(refund) (from line 7, Schedule E)</div> <div>13 Alabama income before net operating loss (NOL) carryforward (line 11 less line 12)</div> <div>14 Alabama NOL deduction (Do not exceed line 13 – attach schedule)</div> <div>15 Alabama taxable income (line 13 less line 14).</div> <div>16 ALABAMA INCOME TAX<div>a Income Tax (5% of line 15 or Schedule D-2, line 4).</div><div>b Consolidated Filing Fee (Schedule G).</div><div>c Total Tax (add lines 16a and 16b)</div></div> <div>17 Tax Payments, Credits, Exemptions, and Deferral:<div>a 1999 estimated tax payments and amounts applied from 1998 return.</div><div>b Payments made with extension.</div><div>c Payments prior to adjustment (see instructions)</div><div>d Credits/Exemptions (from line 7, Schedule F)</div><div>e LIFO Reserve Tax Deferral (see instructions)</div><div>f Total Payments, Credits, and Deferral (add lines 17a, 17b, 17c, 17d, and 17e).</div></div> <div>18 NET TAX DUE (subtract line 17f from line 16c).</div> <div>19 OVERPAYMENT (subtract line 16c from line 17f)<div>a Amount to be credited to 2000 estimated tax.</div><div>b Contribution to Penny Trust Fund.</div><div>c Amount to be refunded.</div></div> <div>20 Penalty for late filing and/or late payment (see instructions)</div> <div>21 Interest due (Internal Revenue Code rate from unextended due date)</div> <div>22 TOTAL AMOUNT DUE (add lines 18, 20, and 21).</div> <div>23 AMOUNT REMITTED WITH THIS RETURN<div>a If payment made through Electronic Funds Transfer (EFT), check this box</div></div>				<div>1 -31,989</div> <div>2 0</div> <div>3 -31,989</div> <div>4 0</div> <div>5 0</div> <div>6 -31,989</div> <div>7 100.0000 %</div> <div>8 -31,989</div> <div>9 0</div> <div>CN</div> <div>10a 0</div> <div>10b 0</div> <div>10c 0</div> <div>11 -31,989</div> <div>12 0</div> <div>13 -31989.</div> <div>14 0</div> <div>15 -31,989</div> <div>16a 0</div> <div>16b 0</div> <div>16c 0</div> <div>17a 0</div> <div>17b 0</div> <div>17c 0</div> <div>17d 0</div> <div>17e 0</div> <div>17f 0</div> <div>18 0</div> <div>19 0</div> <div>19a 0</div> <div>19b 0</div> <div>19c 0</div> <div>20 0</div> <div>21 0</div> <div>22 0</div> <div>23 0</div>		<div>UNLESS A COPY OF THE FEDERAL RETURN IS ATTACHED, THIS RETURN IS INCOMPLETE</div> <div>Preparer's social security no. 999 : 06 : 0007</div>
Please Sign Here Your Signature D.A. Terminator Title ChiefExecutive Officer Date 4/15/2000							
Paid Preparer's Use Only Preparer's signature Johnny Appleseed Date 04/10/2000 Check if self-employed <input checked="" type="checkbox"/> Firm's name (or yours, if self-employed) and address Tax Filers, Inc 100 Efile Drive, Anytown, TX E.I. No. 110000011 ZIP Code 78621							

Form **1120**
Department of the Treasury
Internal Revenue Service (77)

U.S. Corporation Income Tax Return

OMB No. 1545-0123

For calendar year 2006 or tax year beginning 02/01, 2006, ending 01/31, 20 07
▶ See separate instructions.

2006

A Check if: 1 Consolidated return (attach Form 851) <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 required (attach Sch. M-3) <input type="checkbox"/>		Use IRS label. Otherwise, print or type. Name <u>Mail Order Trinkets, Inc.</u> Number, street, and room or suite no. If a P.O. box, see instructions. <u>34 Any Street</u> City or town, state, and ZIP code <u>Anytown, IL 60615</u>	B Employer identification number <u>11</u> <u>0000004</u>
C Date incorporated <u>05/27/1981</u>			
D Total assets (see instructions) \$ <u>657,951</u> <u>00</u>			

E Check if: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

Income	1a Gross receipts or sales	<u>452,446</u>	<u>00</u>	b Less returns and allowances		c Bal ▶	1c	<u>452,446</u>	<u>00</u>
	2 Cost of goods sold (Schedule A, line 8)						2	<u>612,475</u>	<u>00</u>
	3 Gross profit. Subtract line 2 from line 1c						3	<u>(160,029)</u>	<u>00</u>
	4 Dividends (Schedule C, line 19)						4		
	5 Interest						5		
	6 Gross rents						6		
	7 Gross royalties						7		
	8 Capital gain net income (attach Schedule D (Form 1120))						8		
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)						9		
	10 Other income (see instructions—attach schedule)						10	<u>169,701</u>	<u>00</u>
	11 Total income. Add lines 3 through 10						11	<u>9,672</u>	<u>00</u>
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (Schedule E, line 4)						12		
	13 Salaries and wages (less employment credits)						13		
	14 Repairs and maintenance						14		
	15 Bad debts						15		
	16 Rents						16		
	17 Taxes and licenses						17		
	18 Interest						18	<u>17,344</u>	<u>00</u>
	19 Charitable contributions						19		
	20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)						20	<u>59,253</u>	<u>00</u>
	21 Depletion						21		
	22 Advertising						22		
	23 Pension, profit-sharing, etc., plans						23		
	24 Employee benefit programs						24		
	25 Domestic production activities deduction (attach Form 8903)						25		
	26 Other deductions (attach schedule)						26	<u>156,105</u>	<u>00</u>
	27 Total deductions. Add lines 12 through 26						27	<u>232,702</u>	<u>00</u>
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11						28	<u>(223,030)</u>	<u>00</u>
	29 Less: a Net operating loss deduction (see instructions)			29a			29c		
b Special deductions (Schedule C, line 20)			29b						
30 Taxable income. Subtract line 29c from line 28 (see instructions)						30	<u>(223,030)</u>	<u>00</u>	
31 Total tax (Schedule J, line 10)						31	<u>0</u>	<u>00</u>	
Tax and Payments	32a 2005 overpayment credited to 2006	32a							
	b 2006 estimated tax payments	32b							
	c 2006 refund applied for on Form 4466	32c	()	d Bal ▶	32d		
	e Tax deposited with Form 7004					32e			
	f Credits: (1) Form 2439 (2) Form 4136					32f			
	g Credit for federal telephone excise tax paid (attach Form 8913)					32g			
	33 Estimated tax penalty (see instructions). Check if Form 2220 is attached						33		
	34 Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed						34		
	35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid						35		
	36 Enter amount from line 35 you want: Credited to 2007 estimated tax ▶ Refunded ▶						36		

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

D. A. Terminator 5/15/2007 **Chief Executive Officer**
Signature of officer Date Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ **Yes** ☐ **No**

Paid Preparer's Use Only	Preparer's signature	<u>Johnny Appleseed</u>	Date	<u>01/20/2007</u>	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN	<u>999-06-0007</u>
	Firm's name (or yours if self-employed), address, and ZIP code	<u>Electronic Tax Filers, Inc.</u> <u>100 Efile Drive, Anytown, TX 78621</u>	EIN	<u>11</u>		<u>0000011</u>	Phone no. (<u>512</u>) <u>555-1212</u>

Schedule A Cost of Goods Sold (see instructions)

1	Inventory at beginning of year	1	325,426	00
2	Purchases	2	156,810	00
3	Cost of labor	3		
4	Additional section 263A costs (attach schedule)	4		
5	Other costs (attach schedule)	5	422,389	00
6	Total. Add lines 1 through 5	6	904,625	00
7	Inventory at end of year	7	292,150	00
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	612,475	00

9a Check all methods used for valuing closing inventory:

(i) ☒ Cost

(ii) ☐ Lower of cost or market

(iii) ☐ Other (Specify method used and attach explanation.) ►

b Check if there was a writedown of subnormal goods ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9d**

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☒ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☒ No

Schedule C Dividends and Special Deductions (see instructions)

	(a) Dividends received	(b) %	(c) Special deductions (a) × (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3 Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8 Dividends from wholly owned foreign subsidiaries		100	
9 Total. Add lines 1 through 8. See instructions for limitation			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11 Dividends from affiliated group members		100	
12 Dividends from certain FSCs		100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15 Foreign dividend gross-up			
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17 Other dividends			
18 Deduction for dividends paid on certain preferred stock of public utilities			
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4			
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

Schedule E Compensation of Officers (see instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2 Total compensation of officers					
3 Compensation of officers claimed on Schedule A and elsewhere on return					
4 Subtract line 3 from line 2. Enter the result here and on page 1, line 12					

Schedule J Tax Computation (see instructions)

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. Check if a qualified personal service corporation (see instructions)	<input type="checkbox"/>	2
3	Alternative minimum tax (attach Form 4626)		3
4	Add lines 2 and 3		4
5a	Foreign tax credit (attach Form 1118)	5a	
b	Qualified electric vehicle credit (attach Form 8834)	5b	
c	General business credit. Check applicable box(es): <input type="checkbox"/> Form 6478 <input type="checkbox"/> Form 8835, Section B <input type="checkbox"/> Form 8844	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from: <input type="checkbox"/> Form 8860 <input type="checkbox"/> Form 8912	5e	
6	Total credits. Add lines 5a through 5e		6
7	Subtract line 6 from line 4		7
8	Personal holding company tax (attach Schedule PH (Form 1120))		8
9	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Form 8902 <input type="checkbox"/> Other (attach schedule)		9
10	Total tax. Add lines 7 through 9. Enter here and on page 1, line 31		10

Schedule K Other Information (see instructions)

	Yes	No		Yes	No
1	Check accounting method: a <input type="checkbox"/> Cash		7	At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation?	
b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶			If "Yes," enter: (a) Percentage owned ▶ 100		
2	See the instructions and enter the:		and (b) Owner's country ▶ Italy		
a	Business activity code no. ▶ 453220		c	The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶ 2	
b	Business activity ▶ Gifts Novelties		8	Check this box if the corporation issued publicly offered debt instruments with original issue discount. <input type="checkbox"/>	
c	Product or service ▶ Gifts Novelties		If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
3	At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).)	<input checked="" type="checkbox"/>	9	Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$	
If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.			10	Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶ 1	
4	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?	<input checked="" type="checkbox"/>	11	If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/>	
If "Yes," enter name and EIN of the parent corporation ▶			If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3) must be attached or the election will not be valid.		
5	At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).)	<input checked="" type="checkbox"/>	12	Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$	
If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 100			13	Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?	<input checked="" type="checkbox"/>
6	During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.)	<input checked="" type="checkbox"/>	If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$		
If "Yes," file Form 5452, Corporate Report of Nondividend Distributions.					
If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.					

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.**

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		13,138		44,156
2a	Trade notes and accounts receivable	43,652		52,128	
b	Less allowance for bad debts	()	43,652	()	52,128
3	Inventories		325,426		292,150
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)		103,040		0
7	Loans to shareholders		1,150		79,517
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	394,416		394,416	
b	Less accumulated depreciation	(394,416)		(394,416)	
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)		183,105		183,105
13a	Intangible assets (amortizable only)				
b	Less accumulated amortization	()		()	
14	Other assets (attach schedule)		7,174		6,895
15	Total assets		676,685		657,951
Liabilities and Shareholders' Equity					
16	Accounts payable		369,078		329,011
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach schedule)				
19	Loans from shareholders				265,297
20	Mortgages, notes, bonds payable in 1 year or more		220,187		140,000
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
	b Common stock		300,000	300,000	300,000
23	Additional paid-in capital		1,733,316		1,733,316
24	Retained earnings—Appropriated (attach schedule)				
25	Retained earnings—Unappropriated		(1,945,896)		(2,109,673)
26	Adjustments to shareholders' equity (attach schedule)				
27	Less cost of treasury stock		()		()
28	Total liabilities and shareholders' equity		676,685		657,951

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructions

1	Net income (loss) per books	(163,777)	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax per books			Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$		a	Depreciation \$	59,253
b	Charitable contributions \$		b	Charitable contributions \$	
c	Travel and entertainment \$				59,253
6	Add lines 1 through 5	(163,777)	9	Add lines 7 and 8	59,253
			10	Income (page 1, line 28)—line 6 less line 9	(223,030)

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	(1,945,896)	5	Distributions: a Cash	
2	Net income (loss) per books	(163,777)		b Stock	
3	Other increases (itemize):			c Property	
			6	Other decreases (itemize):	
4	Add lines 1, 2, and 3	(2,109,673)	7	Add lines 5 and 6	
			8	Balance at end of year (line 4 less line 7)	(2,109,673)

